



# THE MARYLAND MODEL



February 2022



Maryland  
Hospital Association

# VALUE OF THE MARYLAND MODEL

## EQUITY

Marylanders get great health care – no matter where you live, who you are, or your income. **In our hospital payment system, everyone pays the same, sparing Marylanders from cost-shifting and the two-tiered care** that burdens patients and worsens outcomes elsewhere. The Maryland Model promotes equitable access and equitable outcomes.

## COMMUNITY

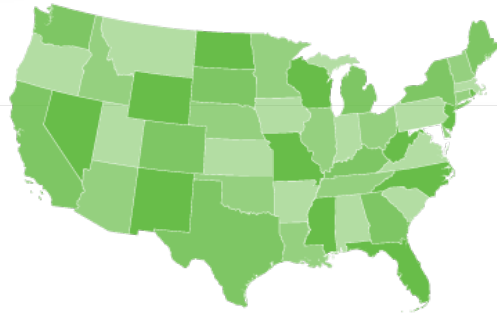
Maryland, under the Total Cost of Care Model, is the **only state where hospitals are accountable for the health of their communities.** Hospitals invest outside their walls, so people do not have to come in to benefit. Focusing on the health of the community, hospitals collaborate more and use their resources to help their neighbors.

## VALUE

Hospitals in Maryland don't dictate prices, and they aren't paid more to do more. **In the Maryland Model, hospitals get a set budget to help keep their communities healthy.** Your hospitals focus on quality and the value of care.

# ALL-PAYER PRICES: NO COST-SHIFTING

OTHER STATES

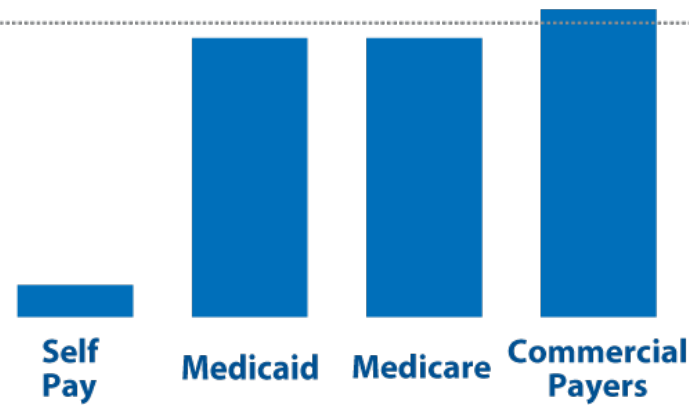
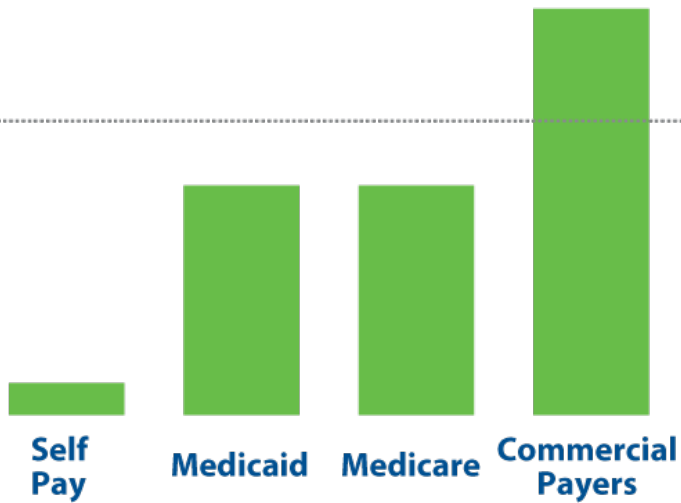


MARYLAND



% of Hospital's Cost

100%



Equitably share burden of uncompensated care

Protect access in rural and vulnerable communities

# MARYLAND HOSPITALS ARE DEEPLY COMMITTED

**Global  
revenue  
budgets  
set by  
HSCRC**

**Risk for  
costs of care  
beyond the  
hospital**

**Powerful  
quality of care  
incentives**

**Dedicated  
to whole  
population  
health**

# REAL RESULTS



**\$2.5 billion +**  
Medicare  
hospital savings  
(2014-20)



**\$1.6 billion +**  
Medicare total  
cost of care  
savings  
(2014-20)



**Lowest**  
outpatient  
private payer  
costs in the  
nation



**Second  
Lowest**  
inpatient private  
payer costs in  
the nation



**54% slower**  
Medicare hospital  
spending growth  
than the nation  
(2014-21)

## Quality Results Since 2014

**51%** reduction in hospital  
preventable complications

**Better** than national Medicare  
hospital readmission rate

## The answer to America's health care cost problem might be in Maryland

Maryland has a health care system unique in the United States: A global hospital budget.



Shirley Crowder speaks with Sinai Hospital's Gwen Mayo during her weekly home care meeting. Mayo visits Crowder frequently to make sure she's caring for her diabetes.

In 49 of the 50 states, more sick patients in hospital beds means more revenue. **Maryland is the exception. Hospitals' budgets are fixed, as are the rates they can charge...** Once they hit their revenue caps, they don't make more money on having patients in the hospital — and there is a carrot-and-stick system to ensure hospitals don't exceed those caps.

By limiting how much revenue hospitals can bring in, it **pushes hospitals to look at sickness as something to be treated not just within their walls, but within their community:** making sure a heart disease patient has access to healthy food, for example.

**"Maryland is doing more and providing better incentives than any other individual state,"** said Gerald Kominski, health policy scholar at UCLA.

The president of one Maryland hospital has an unofficial motto as patients leave his hospital: **"We hope to never see you again."**

# The New York Times

OPINION  
GUEST ESSAY



By Elisabeth Rosenthal

Dr. Rosenthal is the editor in chief of Kaiser Health News. She was an emergency room physician before becoming a journalist.

## A \$1,775 Doctor's Visit Cost About \$350 in Maryland. Here's Why.

Oct. 24, 2021

For the past 18 months, while I was undergoing intensive physical therapy and many neurological tests after a complicated head injury, my friends would point to a silver lining: "Now you'll be able to write about your own bills."

But my bills were, in fact, mostly totally reasonable.

That's largely because I live in Washington, D.C., and **received the majority of my care in next-door Maryland, the one state in the nation that controls what hospitals can charge for services and has a cap on spending growth.**



## CMMI director hints at shift away from payment models for every episode of care, specialties

by Robert King | Oct 5, 2021 4:10pm



CMMI Director Liz Fowler was more **in favor of promoting models that address the total cost of care, like Maryland's state model** that sets a per capita limit on total Medicare costs in the state.

"We are looking at incorporating more safety net providers in that system and encouraging more closer collaboration with Medicaid," she said, referring to Maryland's model.



## Meaningful Value-Based Payment Reform, Part 1: Maryland Leads The Way

## Meaningful Value-Based Payment Reform, Part 2: Expanding The Maryland Model To Other States

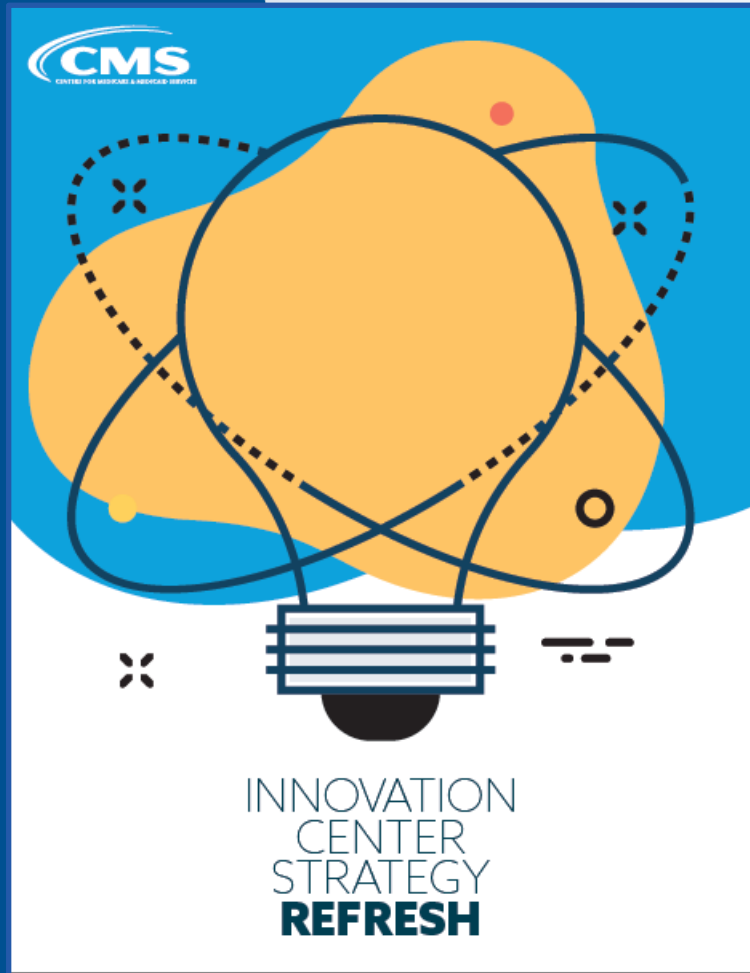
Ezekiel J. Emanuel, David W. Johnson, Matthew Guido, Merrill Goozner

**Overall, and especially since 2014, the Maryland model has been a financial success by almost any metric.**

Over the period 2015-2019, Maryland's standardized per-capita Medicare spend declined from 1 percent above the national average to 1 percent below, with improvement in many quality metrics. **Global budgets create powerful incentives for hospitals not to overcharge or overtreat.**

Due to Maryland's uniform rate-setting mechanisms, **the state's employer-based health plans pay among the country's lowest rates.** By one estimate, from 2011 to 2017, commercial insurance payments to Maryland hospitals ranged from \$392 to \$544 million per year lower than they would have been without all-payer rate setting.

Importantly, **it shifts incumbent health care payers and providers into value-based care delivery** gradually but inexorably. How can Maryland's model be extended to other states?



# Center for Medicare & Medicaid Innovation

## STRATEGY WHITE PAPER

**Of 50 CMMI models that have been evaluated, only six have shown statistically significant savings – one being Maryland.**

### **5 CMMI Objectives to Achieve Equitable Outcomes**

- Drive accountable care
- Advance health equity
- Support care innovations
- Improve access by addressing affordability
- Partner to achieve health system transformation

# UNIQUELY MARYLAND, UNIQUELY SUCCESSFUL

**The Maryland Model  
gets right what other  
states are getting wrong.**



**The people of Maryland can't afford to lose it.**